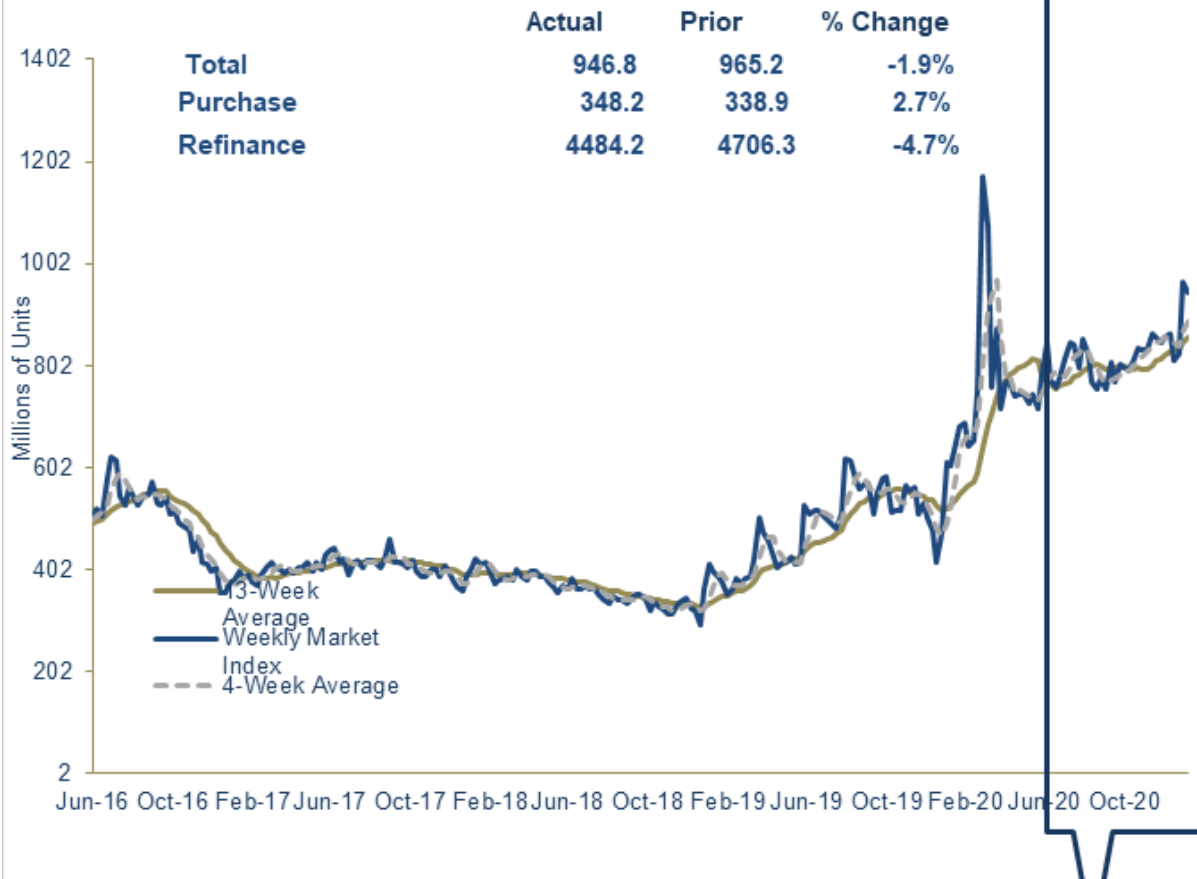


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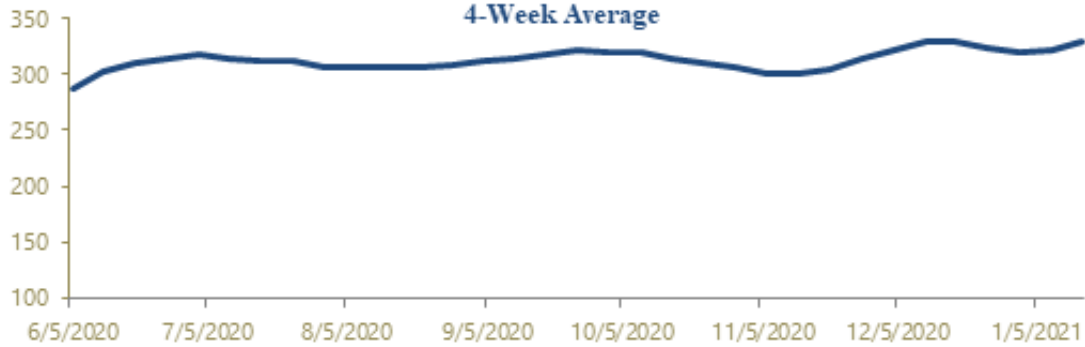
## Mortgage Apps: Modest Decline In Refis

**Bottom Line:** After mortgage rates rose in the first week of the new year, refis slowed slightly but purchase activity remained strong. Purchase applications edged slightly higher as housing activity remained seasonally strong. Realtors reported clients receiving an average 30-year fixed-rate mortgage of 2.92%, up only about 6bps for the month, as Freddie Mac's 30-year fixed commitment rate rose to 2.79% from a low of 2.79. Still, primary market rates didn't move up as much as the secondary market rate, where the current coupon hit 1.55% early last week after ending 2020 at 1.34%. It stood at 1.48% to start this week. Overall, both purchase and refinancing applications are still trending higher. That said, any further increase in secondary market yields will likely be felt by consumers, potentially slowing the strongest mortgage market in 10+ years.

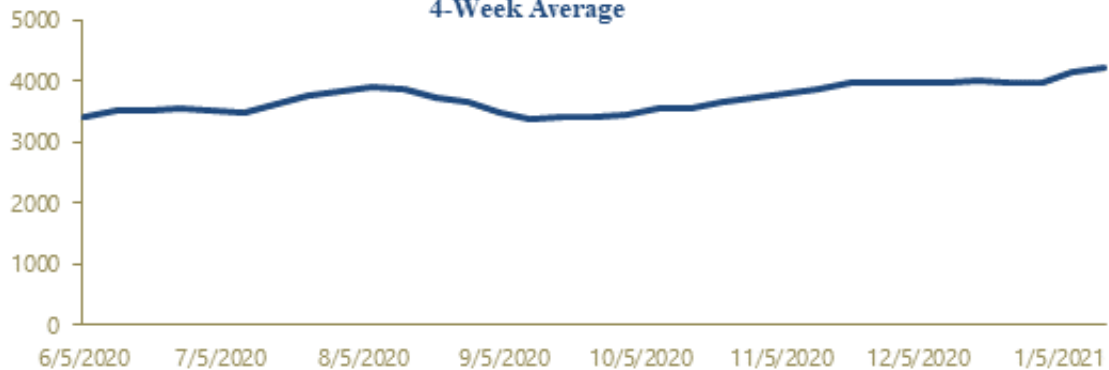
## Mortgage Applications



## Purchase Index 4-Week Average



## Refi Index 4-Week Average



**The MBA Mortgage Applications Index** FELL by 1.9% during the week ended January 15 to 946.8, sharply above its 13 week average of 858.1 and 56.2% ABOVE its year-ago level.

**The Purchase Index** ROSE by 2.7% to 348.2, moderately above its 13 week average of 319.6 and 16.9% ABOVE its year-ago level.

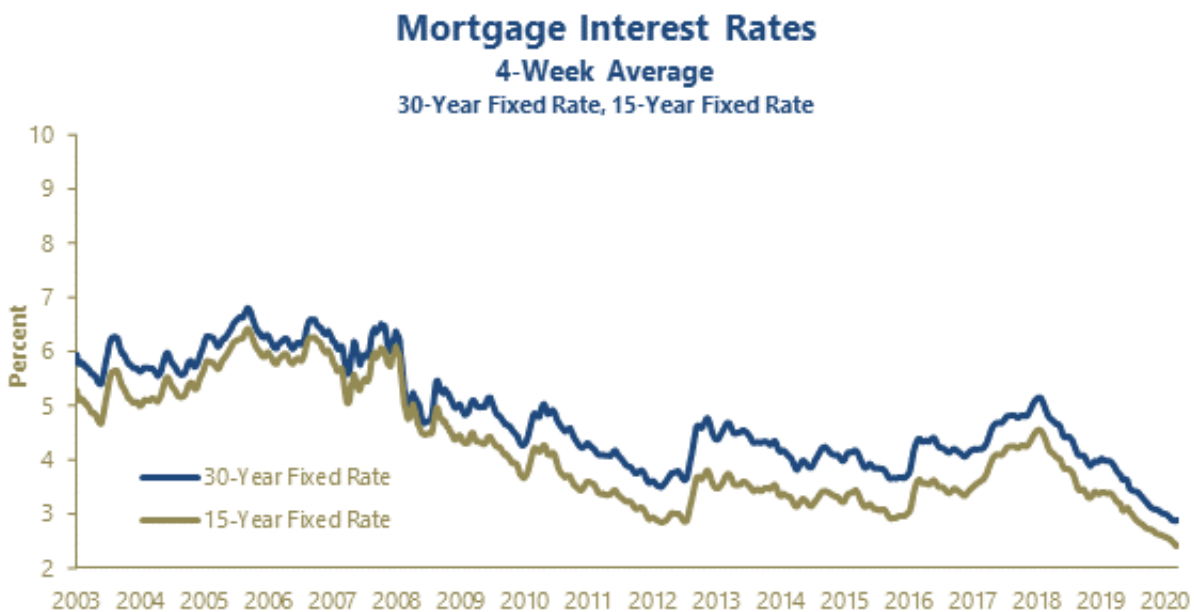
**The Refinance Index** FELL by 4.7% to 4,484. With this decline, refinancing activity is sharply above its 13 week average of 4,043 and 86.7% ABOVE its year-ago level.

**Contract Mortgage Rates** ROSE with the 30-year fixed rate increasing by 4 bps to 2.92% and the 15-year fixed rate increasing by 9 bps to 2.48%.

### **Key findings of MBA's Forbearance and Call Volume Survey - January 4 to January 10, 2021**

- Total loans in forbearance decreased by 9 basis points relative to the prior week: from 5.46% to 5.37%.
  - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 7.85% to 7.67%.
  - The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 3.19% to 3.13%.
  - The share of other loans (e.g., portfolio and PLS loans) in forbearance decreased relative to the prior week: from 8.77% to 8.68%.
- By stage, 17.27% of total loans in forbearance are in the initial forbearance plan stage, while 80.45% are in a forbearance extension. The remaining 2.28% are forbearance re-entries.
- Total weekly forbearance requests as a percent of servicing portfolio volume (#) remained the same relative to the prior week at 0.07%.
- Of the cumulative forbearance exits for the period from June 1, 2020 through January 10, 2021:
  - 28.8% represented borrowers who continued to make their monthly payments during their forbearance period.
  - 25.2% resulted in a loan deferral/partial claim.
  - 15.8% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
  - 13.5% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
  - 7.4% resulted in loans paid off through either a refinance or by selling the home.

- 7.4% resulted in a loan modification or trial loan modification.
- The remaining 1.9% resulted in repayment plans, short sales, deed-in-lieu or other reasons.
- Weekly servicer call center volume:
  - As a percent of servicing portfolio volume (#), calls increased from the previous week from 7.2% to 9.2%.
  - Average speed to answer increased from 2.7 minutes to 3.6 minutes.
  - Abandonment rates increased from 7.0% to 9.1%.
  - Average call length increased from 7.8 minutes to 8.5 minutes, a survey high.
- Loans in forbearance as a share of servicing portfolio volume (#) as of January 10, 2021:
  - Total: 5.37% (previous week: 5.46%)
  - IMBs: 5.79% (previous week: 5.92%)
  - Depositories: 5.33% (previous week: 5.39%)



## Refinancing Index vs Mortgage Rate 4-Week Average



## Purchase Index vs. Existing Home Sales



	15-Jan	8-Jan	1-Jan	25-Dec	18-Dec	11-Dec	4-Dec	27-Nov	20-Nov	13 Wk Avg	Year Ago
<b>Market Index</b>	946.8	965.2	827.2	813.7	863.9	857.3	848.3	858.2	863.6	858.1	606.2
Percent Change	-1.9	16.7	1.7	-5.8	0.8	1.1	-1.2	-0.6	3.9	10.3	56.2
Non-seasonally Adj. % Chg	-1.3	68.6	2.2	-34.5						17.4	59.1
<b>Purchase Index</b>	348.2	338.9	313.8	318.8	316.3	331.6	325.7	342.9	314.6	319.6	297.8
Percent Change	2.7	8.0	-1.6	0.8	-4.6	1.8	-5.0	9.0	3.5	9.0	16.9
<b>Refinancing Index</b>	4,484	4,706	3,918	3,803	4,169	4,015	3,959	3,891	4,078	4,043	2,402
Percent Change	-4.7	20.1	3.0	-8.8	3.8	1.4	1.8	-4.6	4.5	10.9	86.7
<b>Refinance % of Total</b>	72.3	74.8	73.5	72.9	74.8	72.7	72.0	69.5	71.1	71.4	61.6
	-3.3	1.8	0.8	-2.5	2.9	1.0	3.6	-2.3	1.9	1.2	17.4
<b>% of ARMs</b>	2.1	1.6	1.7	2.0	1.9	1.8	1.7	1.8	1.9	1.9	4.6
<b>30-Year Fixed Rate</b>	2.92	2.88	2.86	2.90	2.86	2.85	2.90	2.92	2.92	2.92	3.87
<b>15-Year Fixed Rate</b>	2.48	2.39	2.40	2.42	2.43	2.49	2.51	2.53	2.51	2.50	3.25
<b>5-Year ARM on 30-Year</b>	2.76	2.66	2.63	2.57	2.71	2.58	2.60	2.63	2.63	2.70	3.29

Source: Mortgage Bankers Association via Bloomberg. Our calculations.

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January 20, 2021

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